



3 Top Stocks to Buy in March (and 1 to Avoid at All Costs)

Description

Each month I try to highlight three great stocks that have what I like to call “double upside” potential.

Essentially these are companies that look good in both the short-term and the long-term. Investors potentially get a nice push over the next month or so while owning a stock that is well positioned to do well over the next 10 or 20 years. Talk about a powerful combination.

This month's edition features a bonus stock, one that is poised to do exactly the opposite of what we're looking for. I'm bearish on it over the short and long-term.

Let's take a closer look at these names, starting with the stocks you'll want to own.

A&W

I avoided **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) shares for years, convinced they were too expensive. I finally purchased shares for the first time last year, paying approximately \$33 each.

A&W's short-term results have been outstanding. Despite the company's solid position as the number two burger chain in Canada with nearly 900 locations from coast-to-coast, it delivered growth you'd expect from a sexy start-up. Same-store sales increased 9.8% in 2018 and 12.3% in the company's most recent quarter. Management rewarded shareholders with yet another distribution increase, hiking the payout 2.8%. The current yield is a generous 4.4%.

A&W has quietly been one of the TSX's top stocks since its 2002 IPO. By focusing on making great food using better ingredients, the company has generated stellar long-term results. Including reinvested dividends, the stock is up 15.7% annually during its time as a publicly traded company. That's enough to turn a \$10,000 investment on its first day of trading into \$73,457.

Village Farms

Village Farms International Inc. (TSX:VFF)([NASDAQ:VFF](#)) has transformed itself from a produce grower into a marijuana producer with potential to easily crack the top five largest pot growers in Canada, all while investing a fraction of the cost versus start-up competitors.

Investors have finally woken up to this fact, sending shares up an astonishing 245% since the beginning of 2019. I talked about the stock a couple of weeks ago when it was [up a mere 144% thus far in 2019](#).

There's still plenty to be bullish about, even after such a strong move. The company's potential in the Canadian market has been obvious for months now. It recently announced a joint venture to grow hemp in its Texas greenhouses, finally making the obvious move there. The joint venture will combine Village Farms' growing expertise with Nature Crisp's vertically integrated business model to produce end products for consumers. The two companies expect branded hemp products to enter big-box retailers by 2020.

Crombie

Crombie Real Estate Investment Trust ([TSX:CRR.UN](#)) is delivering solid short-term results with an interesting long-term growth story.

Let's start with the recent results. Crombie's full-year 2018 earnings were solid, with adjusted funds from operations creeping up 3% despite aggressive spending on some growth projects. This translates into an 88% payout ratio, a solid number for a REIT yielding 6.4%.

The more interesting reason to own Crombie might be the company's long-term growth plan. Crombie is in the beginning stages of transforming some of its grocery-anchored real estate in major Canadian cities into mixed-use facilities, buildings that combine retail either with office space or apartments. In total, the development portfolio has 23 listed opportunities with the potential to add some nine million square feet of leasable area, which would increase the size of the portfolio by approximately 50%.

A stock to avoid

I was previously bullish on **SNC-Lavalin Group Inc.** (TSX:SNC) telling investors [now would be a good time to load up](#). Any time the core engineering and construction business has wavered, it has generally been a good time to buy. Also, I liked the Highway 407 stake, something analysts have valued at \$30 per share. The stock trades at \$36.11 as I write this.

But the taint of scandal is simply too strong to invest in SNC today, and it will be a long, hard battle for the company to ever come back from this. It isn't just Jody Wilson-Raybould's explosive testimony that could prove to be toxic, but the other stories that will emerge from an army of journalists looking for dirt.

Whatever happens, I just can't get bullish on a company that might be forever tainted by this scandal.

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TICKERS GLOBAL

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2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:CRR.UN (Crombie Real Estate Investment Trust)

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Author

nelsonpsmith

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